Steps for attaining higher growth rate

4646. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the International Monetary Fund has in a recent report made adverse comments on the poor impact of the economic and structural reforms on the country's growth;

(b) if so, the details thereof and Government's reaction thereto; and

(c) what steps are proposed to be taken to boost the performance in this regard so as to attain higher rate of growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Recent issue of the World Economic Outlook (February 2000) observes that India has been among the fast growing economies in the world over the last two decades and has achieved trend improvements in growth, literacy, mortality and poverty rates. Though, economic performance appears to have been adversely affected by the infrastructure bottlenecks, fiscal deficits and delay in implementing structural reforms, etc. The need to overcome the critical challenge posed by weakening fiscal situation has been emphasized in the speech of Finance Minister while presenting Central Government's Budget for 2000-2001. The fiscal trend in the economy has also been analyzed and the measures that need to be taken to contain fiscal deficit have been indicated in the latest Economic Survey presented in Parliament. While highlighting the positive aspect of fiscal management in the case of Indian economy, the IMF has referred to the need for containing fiscal deficits.

(c) The various measures that are being undertaken by the Government to ensure optimal fiscal management have been spelt out in Finance Minister's speech referred to above. The broad spectrum of 'second generation' reforms in different macroeconomic areas and in particular in banking, fiscal sector, insurance, power, PSUs, telecom, information and technology, etc. is expected to take the economy to a higher growth trajectory in the medium term.